

TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
ENERGY AND TECHNOLOGY COMMITTEE

March 7, 2008

Raised House Bill 5817 - *"An Act Concerning Resource Recovery Facilities"*

This bill would prohibit owners or operators of resources recovery facilities or ash landfills from charging fees for disposing municipal waste that exceed the rate set by the Department of Public Utility Control.

Background

Municipalities across Connecticut are under contract with regional resources recovery entities – contracts entered into to pay off the bonds necessary to build the facilities.

Between 2008 and 2017, the bonds for four of those plants will be paid off. The contracts for the plants, although different in some ways, allow the ownership of the plants to change to the private entities that are presently operating them.

<u>Facility</u>	<u>Contract Ends</u>
Bridgeport (CRRRA)	2008
Wallingford (CRRRA)	2010
Bristol (BRRFOC)	2015
SCRRRA (Preston)	2017

Mid-Connecticut (CRRRA, Hartford) is not affected. Note that The Bristol Regional Resource Recovery Facility Operating Committee (BRRFOC) has an option to buy the facility when the contract runs out.

The recently adopted State Solid Waste Management Plan only briefly discusses the potential change to private ownership, saying "Bonds that financed the construction of the RRFs will be paid off over the next two to fourteen years and contracts for disposal at the RRFs will expire over that same time. Further, the Hartford landfill, where CRRRA sends the ash generated at the Hartford RRF, will be closing in two years, leaving one (privately owned) RRF ash residue landfill in Connecticut. *These events will lead to a major shift in control of the majority of the MSW and RRF ash residue disposal capacity in the state from public to private entities. Private owners will be free to enter into contracts with out-of-state generators for some of the existing capacity that today is contracted to and/or used by Connecticut's municipalities.*" (emphasis added) The Plan does not make any recommendations concerning this change, or take a position on it.

The Plan also states "There is not enough disposal capacity in-state to handle all the Connecticut solid waste requiring disposal...The State was a net exporter of solid MSW [municipal solid waste], approximately 275,250 net tons exported in FY 2004"

State Rate Regulation

Municipalities and their regional authorities took many steps that enabled the plants to be built. For example, in the case of the Bridgeport facility the municipalities provided, among other things, the site (and obtained Sitting Council approval) for the facility, tax-free financing for it, an ash landfill, and obtained all state and local permits.

Municipalities are obligated under state statute, to "provide for" the disposal of solid waste generated within their borders. They depend on the statewide system of resources recovery facilities – constructed with public bond funds to serve a public purpose -- as essential to Connecticut's ability to dispose of its solid waste. Without these facilities, towns and cities would be forced to ship waste out of state, at market rates of about \$80 per ton – assuming that the out of state disposal options remain in place. There is no guarantee that other states will not decide to stop importing waste, leaving Connecticut with limited options.

Under state rate regulation, the companies owning the plants should be allowed a reasonable and predictable profit, while the municipalities would have tip fees available to them for less than the higher market rates – the savings from the retirement of the bonded indebtedness would accrue to business and residential property taxpayers. Since disposal facilities in resource centers such as the Housatonic Resources Recovery Authority municipalities are mostly owned by municipalities, these rates will have little negative effect on towns and cities.

Care Must Be Taken

In establishing state-approved rates, care must be taken to ensure that steps taken to help the pocketbooks of one group of municipalities do not inadvertently harm another group of towns. ***Before passing any legislation, we urge you to conduct a detailed analysis of any potential impacts on towns.*** For example, those with ash landfills utilized by private companies; towns under contract to private companies (so that they do not "lose" trash to regulated/lower-cost options); competition and other such issues.

Summary

This bill will significantly change the way solid waste costs are determined in Connecticut – but without it, the expirations of public contracts would change the nature of those costs anyway. A proposal for state rate regulation is a way that Connecticut can help decide how that new context will affect the people and businesses of the state. It will ensure that (a) private owners get a fair profit ***and*** (b) the public that invested in the facilities and depend on them will pay no more than is necessary. But it must do so without harming other communities.

CCM urges the committee to ***(a) conduct an analysis of all ramifications for municipalities and (b) favorably report*** this bill.

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If you have any questions, please contact Gian-Carl Casa or Mike Johnson of CCM at (203) 498-3000.